

MINUTES

MONTANA HOUSE OF REPRESENTATIVES 58th LEGISLATURE - REGULAR SESSION

COMMITTEE ON APPROPRIATIONS

Call to Order: By **CHAIRMAN DAVE LEWIS**, on April 2, 2003 at 8:05 A.M., in Room 102 Capitol.

ROLL CALL

Members Present:

Rep. Dave Lewis, Chairman (R)
Rep. Rosalie (Rosie) Buzzas, Vice Chairman (D)
Rep. Edith Clark, Vice Chairman (R)
Rep. John Brueggeman (R)
Rep. Tim Callahan (D)
Rep. Stanley (Stan) Fisher (R)
Rep. Eve Franklin (D)
Rep. Dick Haines (R)
Rep. Donald L. Hedges (R)
Rep. Joey Jayne (D)
Rep. Carol C. Juneau (D)
Rep. Dave Kasten (R)
Rep. Christine Kaufmann (D)
Rep. Monica Lindeen (D)
Rep. John Musgrove (D)
Rep. Jeff Pattison (R)
Rep. Rick Ripley (R)
Rep. John Sinrud (R)
Rep. John Witt (R)

Members Excused: None.

Members Absent: None.

Staff Present: Jon Moe, Legislative Branch
Mary Lou Schmitz, Committee Secretary

Please Note. These are summary minutes. Testimony and discussion are paraphrased and condensed.

Committee Business Summary:

Hearing & Date Posted: SB 323, SB 451, 3/31/2003
Executive Action: None

HEARING ON SB 323**Sponsor:** SENATOR DUANE GRIMES, SD 20, Clancy**Opening Statement by Sponsor:**

SENATOR GRIMES said there is the issue of the retirement account. There is approximately 15% for each position that is typically used to pay for retirement, unemployment insurance and some taxes. In every other program in the state, 15% gets budgeted out of the federal funds that come into the state, with the exception of education. With education entitlement, or federal money, there is a longtime practice of using the county retirement to pay those funds. That county retirement is made up of both state funds and county levies. Any federal position that gets mandated by the Federal Government is putting an additional burden on the taxpayers because that 15% is not coming out of that federal money. That is the problem to be addressed that has been identified by the Governor's office. The reason is the "No Child Left Behind" deluge of funds that they expect. The state, then, will increase the schedules by 2% and 1% over the next two years.

The people that are affected are the Title I and special ed teachers. The "No Child Left Behind" program is intended to make sure that those kids don't get left behind and when they are given a proper education, they become very functional adults.

SENATOR GRIMES stated this was his opening and closing.

Proponents' Testimony:

Chuck Swysgood, Director, Office of Budget and Program Planning, said the reason they brought this bill forward, the policy issue that the legislature needs to decide, deals with federal monies that come through agencies and the FTE that are attached. The case with K-12 is the federal monies come into the schools and then the retirement for those positions are picked up by the local taxpayer and the state. He thinks that is not a good policy and that they should not be subsidizing those federal programs.

Kris Goss, Office of Governor, said this bill attempts to help schools. The Governor wanted to make sure the schools were not forgotten in this session. They felt an entitlement increase was the best way to answer concerns. The bill contains procedures that will allow this entitlement increase to happen. It is going to give the 441 school districts the state funding they need to

continue the quality services that has been provided the students for over 100 years.

Opponents' Testimony:

Madalyn Quinlan, representing State Superintendent of Public Instruction, Linda McCulloch, said the Office of Public Instruction is opposed to this bill because it gives an increase to the base of ANB (average number belonging) entitlement, the 2% for the first year of FY 2004 and a subsequent 1% increase on top of that in FY 2005. It eliminates the HB 124 block grant that goes to county retirement. It requires schools to charge benefits for federally salaried employees to those federally funded sources. Two amendments were added in the Senate so there is a CPI adjustment in the bill that says, "In future years when the state superintendent prepares the budget for upcoming legislative sessions that the superintendent would include a CPI adjustment to basic ANB entitlement in addition to looking at the impacts of declining enrollment." The bill allows the schools to use, either in calculating how much money they get and the size of their budget, or use current year ANB or 92% of the prior year.

{Tape: 1; Side: A; Approx. Time Counter: 0 - 29.8}

Bob Vogel, Montana School Board Association, spoke in opposition to the bill.

Dave Puyear, Montana Rural Education Association, stated his concerns for the smaller rural schools.

Darrell Rude, Executive Director, School Administrators for Montana, spoke in opposition to the bill.

Erik Burke, MEA/MFT said they stand in opposition to the bill, and gave brief reasons why.

Dan Zorn, Assistant Superintendent, Kalispell Public Schools, handed out and read testimony from Exhibit 1.

EXHIBIT (aph70a01)

Wade Johnson, Superintendent, Broadus Public Schools, urged the committee to oppose the bill.

Informational Testimony:

Amy Carlson, Office of Budget and Program Planning, explained printed information and charts on federal appropriations to Montana education. She will be available for questions.

{Tape: 1; Side: B; Approx. Time Counter: 0 - 29.7}

HEARING ON SB 451

Sponsor: SENATOR JOHN ESP, SD 13, Big Timber

Opening Statement by Sponsor:

SENATOR ESP said what the bill is intended to do is give the Legislature some flexibility in how to deal with the money that is earmarked for tobacco prevention programs, CHIP programs, Medicaid matching funds for treatment of people with tobacco related illnesses and mental health services plan. It will allow prevention money to go directly to schools, Page 1, line 25 for prevention and health classes. Page 2, line 3 explains the advertising program. The rest of the bill details where the funds can be spent.

Proponents' Testimony: None

Opponents' Testimony:

Joe Mazurek, representing Protect Montana Kids, said the voters of this state understand a fiscal crisis as does his association. This bill does not do what the Health and Human Services subcommittee did which was to ask for flexibility on a two-year basis. This would make a permanent change in the allocation of the tobacco settlement funds. Mental health is a huge issue in this state. He does not understand the connection between tobacco settlement dollars and mental health. Under the Initiative, as it was passed, money can be made available for cessation programs to help. People with mental illness tend to smoke more than others. The real agenda is to limit and make sure that they don't have a funded tobacco prevention effort. There is public support to fund programs with a tobacco tax.

Chris Deveny, representing Protect Montana Kids, urged the committee to oppose the bill.

Dr. Robert Shepard, Physician, Helena, spoke in opposition to the bill.

Verner Bertelsen, Montana Senior Citizens' Association, suggested the committee vote against this bill.

Lora Wier, Public Health Nurse, Teton County, Choteau, spoke in opposition to this bill.

{Tape: 2; Side: A; Approx. Time Counter: 0 - 29.8}

Pat Melby, Montana Medical Association, opposes SB 451.

Jeri Domme, Volunteer, American Heart Association, spoke in opposition to the bill.

Sami Butler, Registered Nurse, Montana Nurses' Association, also spoke in opposition to the bill.

Margit Baake, Student, SASY, asked the committee to oppose the bill.

Informational Testimony: None

Questions from Committee Members and Responses:

In response to a question from **REP. KASTEN,** **Ms. Deveny** said the program that was in place with the \$7 million that was allocated by the 1999 Legislature, was cut before any impacts could be measured. It wasn't in place long enough to show impacts and after the program was cut, the evaluation program and the surveillance program were cut so that was never measured.

REP. KASTEN asked **Ms. Wier** to relate the successes of her program. **Ms. Wier** said they only had their program one year and could not rate their successes over that one year period. It takes three to four years.

REP. KASTEN said he understood there was money set aside in the settlement for health care problems. **Mr. Mazurek** said the settlement was a master settlement agreement because it governed the settlement with 44 states. As a result, there was no earmarking of dollars that came to the states for any purpose. There were some general purposes stated in terms of prevention. Some of the claims had been based on Medicare costs, although states generally didn't overly rely on those, because it could have been that the Federal Government would have made a claim on 80% of the recovery if that was done. There was no money in the settlement directly to Montana that said it would be used for treatment, illness or disease.

REP. KAUFMANN said 40% goes into the Trust Fund, 32% goes for prevention programs, 17% to MCHA and CHIP. She asked **Mr. Mazurek** where the other 11% goes. **Mr. Mazurek** said, "To the General Fund."

In response to a question from **REP. HAINES,** **Dr. Shepard** said he anticipated that they would have to run their study out for a

year. The smaller numbers you have, the more difficulty you have coming to a statistically valid conclusion. They were able to get enough historical data that they had a very strong trim-line of exactly how the heart attack frequency behaved in the City of Helena and outside of the City of Helena and the drop was so dramatic that even with those small numbers, they were able to show a statistically significant drop in the City of Helena but not the surrounding areas.

To answer a question from **REP. BUZZAS, Ms. Deveny** said, based on the success in other states' programs, they can expect to see those successes in Montana as well as the significant cost savings that accompany that.

Closing by Sponsor:

SENATOR ESP closed the hearing by saying SB 451 does not go against the will of the people. The purpose of the bill is to allow input from all of us as to what that proposal might look like and what this committee might think is a better solution than the one proposed in the Initiative. He asked the committee to consider all those groups that this proposal might help.

{Tape: 2; Side: B; Approx. Time Counter: 0 - 29.7}

{Tape: 3; Side: A; Approx. Time Counter: 0 - 5.6}

ADJOURNMENT

Adjournment: 10:05 A.M.

REP. DAVE LEWIS, Chairman

MARY LOU SCHMITZ, Secretary

DL/MS

EXHIBIT (aph70aad)